



West Mercia Probation Trust

ANNUAL REPORT

2008-09

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Introduction

Aims of the National Probation Service

- To protect the public;
- To reduce re-offending;
- To provide for the proper punishment of offenders;
- To ensure that offenders are aware of the effects of their crimes on their victims and on the public; and
- To rehabilitate offenders

Management Commentary Part 1: Operational and Performance Review

A. Enablers

Enablers cover those aspects of the organisation which support the achievement of results. Whilst separated into five separate elements they are inevitably inter-connected in terms of organisation structure and impact.

Leadership

Trust Status

From 1 April 2008 West Mercia Probation Area became a Trust after having been selected to become one of the six first wave Trusts. The launch of the Trust was celebrated by numerous events held around the area. In addition, the Chief Executive and Board Chair held a drop-in session for local MPs in the House of Commons to discuss the implications of becoming a Trust and how this may affect their constituencies.

However, during the course of the year criteria for Trust status changed and as a result, West Mercia is now required to bid for 're-alignment' under the current criteria.

Chief Officer Leadership

During the course of the year the Executive Team and Board have been developing the Business Plan and Service Strategy with an emphasis on engagement with local communities, an approach which formed the basis of our original Trust bid. In addition, considerable work has been undertaken on finance and resourcing over a three year period to enable the Trust to continue to operate effectively and to deliver services to offenders within the anticipated budgetary constraints. Based on service delivery in 2008-2009, our contract will be renewed with the Director of Offender Management next year.

Implementation of Delius

Recognising continued delays from the centre in the delivery of a national case management IT system; the fact that we were the only area continuing to use paper records and that the information system was on the edge of collapse, the Chief Officer and Board made a decision, independent of NOMS, to proceed with the implementation of the Delius case management system, already in use in a number of probation areas. This involved a major change programme for the organisation and took considerable time and resources to implement. The electronic records have received positive feedback from staff and improved access to case information across the organisation. We understand that Delius will now be the system of choice nationally and will be rolled out to those areas currently using alternative IT packages.

Policy and Strategy

Offender Management

In September 2008 Her Majesty's Inspectorate of Probation conducted an Offender Management Inspection (OMI). This is a four yearly inspection looking at the whole of the service in West Mercia. The report following the inspection indicated that while there were a number of positive areas of performance in West Mercia, further work needed to be done in respect of comprehensive sentence planning and internal structures in support of risk management. A

subsequent review and revision of the roles and responsibilities of the middle management group have taken place and will link into a larger scale restructure of the organisation.

Interventions

- We delivered the full range of accredited programmes to offenders:-
 - Controlling Anger and Learning to Manage it
 - Enhanced Thinking Skills
 - One-to-One Thinking Skills
 - Offender Substance Abuse Programme
 - Drink Impaired Drivers Programme
 - Integrated Domestic Abuse Programme
 - Community Sex Offender Programme

We achieved our completion targets on these programmes, exceeding the target for substance misuse and achieving a 50% increase on completions for the Integrated Domestic Abuse Programme over last year's performance.

- We have increased, to over 40%, the proportion of Community Payback work we do where offenders are supervised directly by community groups. As well as engaging local communities with local offenders this has the effect of increasing the visible profile of Community Payback so the public can see offenders paying back for their crimes.
- We provided approximately 145,000 hours of Community Payback work by offenders. This is an increase of 10% on 2007-08.
- We now have intensive supervision projects available for prolific and priority offenders in all counties in the area. These provide constructive and rehabilitative activities for offenders alongside their restrictive programmes.
- Our STEP into employment project worked with over 1600 offenders who were referred into a wide range of training, learning and employment provisions. We exceeded our targets for referrals into learning and offenders sustaining employment.
- Stand-downs decreased from 6% last year to 1.5% in 2008-2009. At our Worcester office, where stand-downs had previously been problematic, there was not a single stand-down for the year.

People Management

Reduction in Staffing

In putting together a three year plan for the area and bearing in mind anticipated budgetary constraints, it has been necessary during the course of the year to look at long term staffing of the organisation. In consequence, it is recognised that some overall reduction in staffing is required and for the first time in the history of West Mercia, the area has been required to give consideration to redundancies. This process has been on-going throughout the year and has involved extensive consultation with the Unions. The emphasis has been upon seeking to maintain the level of front line services within Offender Management to support on-going and effective supervision of offenders in the community. The process has sought to manage reductions in staffing through alternatives to redundancy including re-deployment and early retirement.

Sickness Absence

Work continued during the year to reduce the level of sickness absence. The year has ended below the target of 11.5 days on an average of 11.34 days per person (i.e. a positive outcome).

Partnerships and Resources

- We continued to work closely with a number of partnership agencies promoting strong links with the community. This includes our work in partnership with Youth Support Services on the prolific offender programme. Youth Support Services provide mentoring and community re-integration provision for these offenders who are responsible for a high volume of crime within the area.
- In addition, a new initiative has been set up with Youth Support Services. The Supporting Compliance Project offers a supportive option for those offenders whose breach puts them at risk of a short term prison sentence. This project uses the expertise of Youth Support Services in providing support and mentoring to difficult offenders.
- A high proportion of our budget, relative to other probation areas, is spent on partnerships in supporting re-integration of offenders back into the community. We positively promote the concept of working in partnership with the community.
- Regional collaboration continued around the Community Sex Offender Unit which is now well established and providing positive outcomes in terms of completion of sex offender programmes across the region.
- As a rural area we continue to develop land based partnerships that provide work and training for offenders in agriculture. We continue to work in partnership with local organisations, for example, a furniture recycling scheme in South Shropshire and Tick Wood, a sustainable wood project in Shropshire.
- We held a further stakeholder consultation event to discuss ways of working with our stakeholders to meet local needs. It was agreed that future events such as this would be more local rather than West Mercia wide. A series of local events are planned for next year, which will aim to engage with the Voluntary and Community Sector in particular.
- A review of CJSSS was carried out in the area following its roll out last year. The review found that all criminal justice agencies involved were making continued efforts and hitting targets. CJSSS provides speedier justice by the prompt throughput of cases through court without the need for unnecessary adjournments and delays.
- We are working closely with local strategic partnerships on delivering on public service agreements including targets for reducing adult re-offending.

Processes

Securing Compliance Project

As part of the drive nationally to promote public confidence in the probation service and overall aim of the Government to reduce the prison population, the area has used additional resources, distributed by the Government, to develop a

Supporting Compliance Project. This project recognises that if a breakdown in attendance by offenders is picked up at an early stage and the reasons for non-compliance are clarified, regular reporting is likely to resume. As a significant number of breaches have traditionally resulted in short custodial sentences, being able to offer an alternative community penalty to the Courts at the point of breach, specifically focusing on supporting successful completion of a Community Order, has proven an attractive option to the Courts. Implemented in August 2008 early data indicates the project has been successful in reducing those going on to a second breach of their order. We will be reviewing this work further in the coming year and considering how best to sustain it.

Offender Management Inspection

Following the Offender Management Inspection report and the national KPMG report reviewing the structure of probation services we have reviewed the operating model within offender management and will be rolling out a revised structure from 1 June 2009. In the future offender management will focus more on staff development and quality of work alongside performance and achievements of targets. Offender Management will be organised into Local Delivery Units based around Local Area Agreements. This will create greater cohesion between the work of the probation service with offenders, their reintegration into the community and the contribution other agencies can make towards this.

B. Results

Summary of Achievements 2008-09

- Effective implementation of Delius case management system without a reduction in performance.
- Over 145,000 hours of Community Payback performed – an increase of 10% from the previous year.
- Stand downs, i.e. where offenders were not provided with Community Payback work to do, down to 1.5%.
- Over 40% of Community Payback work is supervised direct by community groups.
- Amber on the Integrated Probation Performance Framework (IPPF) – a disappointment following ‘green’ at the nine month stage and reflecting counting issues that we are now resolving.

Customer Results

Work with Courts

West Mercia Probation Area continues to prioritise work with courts as our customers. Our programme of liaison forums in all bench areas have been well attended and achieved positive feedback as has the area wide forum steering group consisting of representatives from benches, legal advisors and probation staff. We also organise shadowing opportunities and a conference for newly appointed Magistrates.

Victim Contact

Victim or victim’s family to be contacted within National Standard of 8 weeks from sentence in 85% of cases involving serious sexual or other violent offender where offender is sentenced to 12 months or more.

Target: 85%

Achieved: 96% (to end of December 2008)

Basic Skills

Number of skills for life referrals achieved against target - 115%

Target: 871

Achieved: 963

Number of unemployed offenders gaining employment

Target: No target

Achieved: 243

Number of offenders placed in employment that is retained for four weeks against target – 94%

Target: 271

Achieved: 300

People Results

West Mercia Probation Trust held a very successful staff conference at Ludlow Racecourse to which all employees were invited. The conference focused on meeting the challenge of change in the first year of being a Trust. Richie Woodhall, former Boxing World Champion gave a motivational speech along with Pervez Hussain, Diversity Trainer for West Mercia Constabulary and Roger Hill, Director of Probation. The conference finished with the annual awards ceremony and the High Sheriffs’ awards.

Race Equality

Contribution to achieving regionally set employment targets for minority ethnic staff (including white Irish and white others) – 10.64%

Proportion of race and ethnic monitoring data on staff and offenders which is returned on time and using the correct (Census 2001) classifications.

Target: 95%

Achieved: 98%

Staff Sickness

Reduce sickness absence in the National Probation Service to an average of 11.5 days per member of staff per year.

Target: 11.5 days

Achieved: 11.3 days

Key Performance Results

Reduce the rate of re-offending whilst under the supervision of probation

Percentage of offenders proven to have re-offended

Predicted rate: 9.8%

Actual rate: 9.6 %

Offenders who pose a high risk of harm

Risk assessments, risk management plans and OASys sentence plans are completed on high risk offenders within 5 working days of the commencement of the order or release into the community.

Target: 90%

Achieved: 76%

Tier 4, Prolific and other priority offenders

Risk assessments and OASys sentence plans are completed on Prolific and Other Priority Offenders (PPOs) within 5 working days of the commencement of the order or release into the community.

Target: 90%

Achieved: 80%

Reports to Courts

90% of PSRs to be completed within the required time, i.e.

- On the day requested for fast delivery PSRs to Magistrates' courts – 99%
- Within 10 working days for standard delivery PSRs to Magistrates' courts, where the offender is remanded in custody – 71%
- By the date set by the commissioning court – 99%

40% of PSRs for Magistrates' Courts to be fast delivery

Target: No target

Achieved: 35%

Unpaid Work

Number of successful completions of unpaid work against target

Target: 828
Achieved: 1039

Stand-downs not to exceed required target

Target: 7%
Achieved: 1%

Enforcement

Initiate breach proceedings in accordance with National Standards within 10 working days

Target: 90%
Achieved: 95%

Compliance

The proportion of cases that reach the six month stage without requiring breach action (no second unacceptable failure to comply with an order, no third unacceptable failure to comply with a licence)

Target: 70%
Achieved: 71%

The proportion of orders and licences that terminate successfully

Orders: 66%
Licences: 96%

Combined

Target: 70%
Achieved: 70%

DTTOs/DRRs

Number of successful DTTO/DRR completions

Target: 96
Achieved: 112

Number of DTTO/DRR commencements against target – 95%

Target: 287
Achieved: 294

Number of successful Alcohol Treatment Requirement completions

Target: 40%
Achieved: 62%

Accredited Programmes

Number of accredited programme completions against target, including contribution to regional targets on sex offender treatment programme completions and domestic violence programme completions – 101%

Target: 325
Achieved: 330

General offending programmes

Target: 270

Achieved: 270

Community Sex Offender Group

Target: 25

Achieved: 30

Integrated Domestic Violence Programme

Target: 30

Achieved: 30

C. Workload and Activity Statistics

Orders	2005/2006	2006/2007	2007/2008	2008/2009
Life Sentence	7	4	8	2
Stat Post-release supervision	648	694	558	562
Community Order	1612	2162	2307	2589
Indeterminate Public Protection	-	-	31	14
Community Rehabilitation Order	514	87	41	29
Community Punishment Order	567	113	54	37
Drug Treatment and Testing Order	61	5	1	0
Suspended Sentence Order	205	713	878	829
TOTAL	3721	3839	3878	4062

Caseload	At 31.03.2006	At 31.03.2007	At 31.03.2008	As 21.03.2009
Life Sentence	128	128	126	126
Stat post release supervision	-	470	408	488
Community Order	1206	1716	1847	1919
Indeterminate Public Protection	-	-	54	75
Community Rehabilitation Order	658	207	81	50
Community Punishment Order	376	104	69	37
Drug Treatment and Testing Order	49	4	2	0
Suspended Sentence Order	162	582	827	758
TOTAL	2793	3294	3414	3453

Amount of PSRs written	2005/2006	2006/2007	2007/2008	2008/2009
Crown Court	1097	953	1056	1026
Magistrates Court	1811	1940	1718	1438
TOTAL	2908	2893	2774	2464
Amount of SSRs/FDRs written	2005/2006	2006/2007	2007/2008	2008/2009
Crown Court	27	23	-	23
Magistrates Court	1024	603	-	1151
TOTAL	1051	626	892	1174

Community Punishment Hours	2005/2006	2006/2007	2007/2008	2008/2009
Amount of hours ordered	167,980	146,613	195,200	216,500
Amount of hours worked	119,418	132,938 (91%)	133,800	145,400* estimate
Victims				
Total number of victims contacted within 8 weeks of sentence	260	128 (April-Dec)	N/A	103 (April-Dec)

D. Names of Board Members & Official Contact Address

Mr James Kelly – Chair

Mr Keith Austin, JP

Mrs Libhin Bromley, JP

Mr David Chantler

Mr Peter Davidson

Mr Martin Foley, JP

Mrs Elaine Hickman, JP

Mr Ken Hockenhull

Mr Derek Muhl

Mr Leon Murray, MBE,JP,DL

Mrs Bridget Nisbet, JP

Mrs Valerie Reynolds

Mr Andrew Strong

West Mercia Probation Area

Head Office

Stourbank House

90 Mill Street

Kidderminster DY11 6XA

Management Commentary Part 2: Financial Review & Remuneration Report

Statutory Background

With effect from 1st April 2008 the West Mercia Probation Board was dissolved and established as a Probation Trust under the Offender Management Act 2007. Under the act the new Trust has been set-up in order to support the strategic aims and current Public Service Agreement of the Ministry of Justice. The West Mercia Probation Trust has as their purpose the delivery of probation service under contract with the Secretary of State.

Accounts

Each Trust is required under Schedule 1, paragraph 13(1) of the OM Act to make a report to the Secretary of State on the performance of its functions during each financial year, and prepare in respect of each financial year a statement of accounts, and

Under Schedule 1, paragraph 14(2) of the Act, the Secretary of State has given direction as to:

- The information to be given in the report and the form, in which it is to be given;
- The time by which the report is to be made, and
- The form and manner in which the report is to be published.

Principal Activities

West Mercia Probation Trust covers the West Mercia police area, as defined in Schedule 1 of the Police Act 1996, serving a population of approximately 1.1 million. During the year, the board employed some 374 full time staff that worked from 12 buildings and 1 hostel across the area.

Each area is to initially provide assistance to the courts in determining the appropriate sentences to pass, and making other decisions in respect of persons charged with or convicted of offences, and to assist in the supervision and rehabilitation of such persons.

The discharge of policies as established by the Ministry of Justice, are designed to ensure:

- The protection of the public;
- The reduction of re-offending;
- The proper punishment of offenders;
- Ensuring offenders' awareness of the effects of crime on the victims of crime and the public;
- The rehabilitation of offenders.

The Chief Executive (CE) is a statutory office holder and as the first Chief Executive to the Trust was appointed by the Secretary of State. Future Chief Executives will be appointed by the appointed members. The CE is the Accountable Officer for the Trust and is accountable to the Director of Probation in his position as the Principal Accountable Officer (PAO) for the Probation Services.

The PAO, in turn, is accountable to the Accounting Officer of the Ministry of Justice, who is directly accountable to Parliament for safeguarding public funds.

Pension Liabilities

Employees of the board are members of the Local Government Pension Scheme. Details of pension arrangements are set out in Note 3 to the Accounts.

Appointments

A Probation Trust shall consist of a Chairman and not less than four other members appointed by the Secretary of State; and the Chief Executive. The Chief Executive, being the first Chief Executive of the Trust was appointed by the Secretary of State.

The terms of employment of the appointed members are for the Secretary of State to determine. The Chief Executive's terms of employment are determined by the Trust.

There is no requirement for a Trust to have a judge appointed by the Lord Chancellor on the board.

Public Interest

The Trust operates a policy of equal opportunities, regardless of gender, race, disability, or sexuality.

The Trust observes the principles of the CBI "Prompt Payment" Code and aims to pay all approved invoices within 30 days. In 2008-09 84.86% of undisputed invoices were paid within 30 days (*comparative: 2007-08 79.89%*).

Management

The operational management throughout the year was carried out by the management board, which consisted of the following members:

Mr David Chantler (Chief Executive) and Mr James Kelly (Chair), and Mr K Austin, Mrs L Bromley, Mr P Davidson, Mr M Foley, Mrs E Hickman, Mr K Hockenhull, Mr D Muhl, Mr L Murray, Mrs B Nisbet, Mrs V Reynolds and Mr A Strong (as members).

The Remuneration Report contains information about the management boards' remuneration.

External Accountability

Under paragraphs 13-14 of Schedule 1 of the Offender Management Act 2007 the Trust is required to send to the Secretary of State a report on the discharge of its functions during the year and its audited accounts.

The Annual Report and Accounts will comply with the specific accounts directions issued by the Secretary of State with the consent of HM Treasury.

The Audit Commission has appointed the District Auditor as the external auditor for the West Mercia Probation Trust. Their Certificate and Report is included at page 26.

Post Balance Sheet Events

There were no material events after the balance sheet date.

David Chantler,
Chief Executive and Accountable Officer for the Trust
Date: -

Mike Weaver
Treasurer to the Trust
Date: -

Remuneration Report

		2008-09		2007-08	
Name	Role	Salary £000	Benefits in Kind (to nearest £100)	Salary £000	Benefits in Kind (to nearest £100)
David Chantler	Chief Executive	85-90	None	80-90	None
James Kelly	Chair	15-20	None	15-20	None
K Austin	Board Member	0-5	None	0-5	None
L Bromley	Board Member	0-5	None	0-5	None
P Davidson	Board Member	0-5	None	0-5	None
M Foley	Board Member	0-5	None	0-5	None
E Hickman	Board Member	0-5	None	0-5	None
K Hockenhill	Board Member	0-5	None	0-5	None
D Muhl	Board Member	0-5	None	0-5	None
L Murray	Board Member	0-5	None	0-5	None
B Nisbet	Board Member	0-5	None	0-5	None
V Reynolds	Board Member	0-5	None	0-5	None
A Strong	Board Member	0-5	None	0-5	None

Pension Benefits

Name	Total accrued pension at aged 65 at 31 March 2008 and related lump sum	Real increase in pension and related lump sum at age 65	CETV at 31 March 2009	CETV at 31 March 2008	Real increase in CETV	Employer Contribution to partnership pension account
	£000	£000	£000	£000	£000	(to nearest £100)
David Chantler	50-55 plus lump sum of 95-100	0-20 plus lump sum of 0-5	740	526	214	-

All Ministry of Justice appointed Trust members receive non-pensionable remuneration of £15.40 per hour from 1 April 2007. Boards at their discretion may pay a travelling allowance and any other relevant expenses incurred.

Trust Members are initially appointed for a three year period, which may be extended for a further three years. The Secretary of State may give written notice of termination of service to Trust members without a specified notice period. Trust Members may at any time resign office, giving written notice to the Secretary of State. Chief Executives are appointed by the Trust on a permanent basis and are subject to three calendar months notice in writing either way.

In 2008/09 the Chief Executive was also awarded £1,514.88 performance related pay by the Ministry of Justice in accordance with its performance criteria. Other Board members are not subject to performance related pay arrangements.

David Chantler

Chief Executive and Accountable Officer for the Trust

Date : -

Statement of Accountable Officer's Responsibilities

Under the Schedule 1, paragraph 13(1) (b) of the Offender Management Act 2007, the Secretary of State has directed the West Mercia Probation Trust to prepare for each financial year, resource accounts detailing the resources acquired, held or disposed of during the year and the use of resources by the Trust during the year. The accounts are prepared on an accrual basis and must give a true and fair view of the state of affairs of the Trust and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accountable Officer was required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgments and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain material departures in the financial statements, and
- Prepare the financial statements on a going concern basis.

The Secretary of State has appointed the Chief Executive as the Accountable Officer of the Trust. The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Trusts' assets, are set out in the Accountable Officers' Memorandum issued by the Secretary of State and published in *Managing Public Money* produced by HM Treasury. Under the terms of the Accountable Officers' Memorandum, the relationship between the Department's and Trusts' Accountable Officers, together with their respective responsibilities, is set out in writing.

Statement on Internal Control

Following the closure of the West Mercia Probation Board on 31 March 2008, its assets and liabilities were transferred to West Mercia Probation Trust as its successor body.

As Accountable Officer, I have had responsibility for maintaining a sound system of internal control that supported the achievement of West Mercia Probation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I was personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

As Accountable Officer, I reported directly to the Director of Probation until that post ceased to operate at the end of the accounting period in question. He is also responsible for the other five Chief Executives and the 36 probation Chief Officers, and so brings probation service accounts together in his office. He, through the Chief Executive of NOMS, is in turn responsible to Parliament and to Ministers in consolidating the probation accounts within the ministerial accounts.

The Accountable Officers are also responsible for the professional functioning of the service which is monitored and inspected by Her Majesty's Inspectorate of Probation whose Chief Inspector reports to the Secretary of State.

Through both of these lines, and in particular through performance monitoring, serious further incident reporting and national standards monitoring, Ministers and Parliament can be aware of the management of risk within this probation area and of the efficient use of public resources.

We were assisted in this process by the Internal Audit functions of this Area and of the National Offender Management Service, which provides a capacity to review and investigate, and through the respective Audit Committees fora in which to raise issues which may emerge.

In publishing our business plan we share with NOMS/Ministry of Justice our most significant business risks.

As Accountable Officer for West Mercia I had also been Accountable Officer for "Connect", the regional resettlement programme for short sentence prisoners. Connect had its own Regional Project Board, consisting of representatives of the four regional probation areas and the prison service, and my position was secured by being a member of that Board as the "host chief". The Board reported regularly to the West Mercia Board, and then the Trust, and was subject to audit from Ministry of Justice Internal Audit and from Government Office (GO) and European Auditors. As was reported on the Statement of Internal Control 2006-2007, Connect was found to be well controlled and to have received a very positive Article 4 Report from GO. Subsequently that Audit was selected for a spot Audit of the GO Auditors and was repeated by

the European Auditors. Again the positive findings were re-confirmed and the work found to be entirely satisfactory. Following the ending of the European Social Fund money that had been deployed on this project various other short term streams of finance were used to maintain the project until March 31st 2008. Accumulated under spends allowed the project to be maintained into the 2008/2009 financial year. This was pending decisions on further long term funding by the Ministry of Justice as part of their Integrated Offender Management Pilot Programme. At the time of preparing the Statement on Internal Control last year the outcome of this was not known however we now know that this money was not secured and the final operational phase of Connect closed in June 2008. The small carry over previously referred to has meant that the project closed down with no financial exposure to any of the partners.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the West Mercia area for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

Leadership in the risk management process is embodied in the Chief Executive taking personal responsibility for the Risk Log, which is maintained by the Head of Business Services and Organisational Development, an ACO role. This is discussed at Executive Team meetings and is presented to the Board at each of its meetings, together with a review of movements during the preceding period. The same reports are taken to the Audit Committee for study and consideration in greater depth, including the action sheets describing the mitigating action being taken, and their deliberations are also reported to the main Board in the Minutes of the Audit and Scrutiny Committee. Members of the Audit and Scrutiny Committee are not permitted to sit on the service committees of the Trust Board.

During the course of the previous year the Interim Chief Officer reviewed the operation of the Risk Log and made changes to the process which were consistent with his experience of operating the Risk processes within NOMS Head Office. As part of our commitment to continuous improvement we have further reviewed the processes this year and arising from that review the Trust has purchased an electronic system, "4Risk" from Bentley Jennison. This will support the move to more autonomous local delivery units whilst maintaining the ability of the Trust and the Accountable Officer to maintain appropriate control and account.

Because of the high level of exposure to risk from our singular information system (IOSS) we had also maintained a subsidiary log for IT issues, as reported in last year's SIC, but the particular risk posed by IOSS was eliminated with the introduction of its replacement, Delius, in March 2008. One of the Internal Audit reports of this year was on the introduction of Delius, which I am pleased to report rated its introduction as "well controlled".

We have continued to be clear and to make explicit statements of responsibilities undertaken by individuals when they accept their budgets at the start of the year and to provide support and explanation as they take those responsibilities on. This builds upon lessons learnt in previous years in relation to exposure to the actions of key individuals and has been further tightened with the appointment of the Head of Business Services and Organisational Development.

During the year the Audit Committee was closely involved in managing the risk created by a particular issue:

Although West Mercia's introduction of Delius was rated as "well controlled", the internal auditor also noted that NOMS had failed to provide a reporting tool to work with it. This has negatively affected our management information and ability to take timely action, and our information collection and performance monitoring capacity.

The Area had achieved Green status on the IPPF by the end of the third quarter and was allocated to band two in the assessment of Area performance by NOMS. Despite these good results we are confident that both our performance and the reporting of it would have been even better with the appropriate tool. The Trust has pursued a complaint up to Board level with the contractor, Steria, and the result of this is awaited at the time of writing this Statement. By the end of the year our performance was graded as "Amber" and this decline was directly attributable to the recording and counting weaknesses that we had identified.

The Trust Board has also been concerned about the risks associated with NOMS' decision to require the existing Trusts to demonstrate their alignment with the changed criteria for the new Trusts. We were embarked on a three year change programme based on becoming a Trust in 2008 and would not have chosen to be subject to a new assessment process within a year of all the work entailed in becoming a Trust and whilst we were still introducing major changes.

One of the changes referred to above relates to the "less than adequately controlled" internal audit outcome on our Commissioning and Contracting activities last year. At the time of the last SIC a full management response had been made and a new Commissioning Plan was being formulated. This had led to the decision to contract out our procurement activities, a radical response to the challenge that would not have occurred to us had we not been a Trust, and which

takes into account the size and scale of procurement activity required to meet the Trust's vision of developing the criminal justice sector in West Mercia.

In addition the Trust has fully implemented the requirements of being part of the GSI community (Government Secure Intranet) but is becoming increasingly frustrated by the limitations placed on operations through this system being in fixed locations undermining our ability to work in remote locations. We have responded fully to central concern regarding Information Security by circulating these to staff through Update our electronic internal staff bulletin, with standards and expectations of behaviours in relation to handling information.

The risk and control framework

Any member of the service, including members of the Board, may identify a business risk. However, as the initial consideration of the potential risk would take place within normal operational arrangements in the first instance, those that cannot be resolved in "normal processes" are most likely to be proposed for inclusion by senior managers or by the Board.

We actively work to keep the identified risks to those crucial few that would endanger the operational or financial performance of the Area or significantly affect its reputation.

Once the Chief Executive, as chief risk manager, has accepted a risk, likelihood and impact scores are assigned and a risk manager designated. With the introduction of 4Risk we will create risk logs for the Local Delivery Units and/or Head Office services, with an enhanced capability to identify some risks as truly organisation wide, strategic and critical, whilst registering other important, but operational, risks in the correct place for effective action to be taken.

The progress of the risk is reviewed regularly by the C.E., both at the review dates set in the log and, in practice, more frequently as such a review is necessary in preparing for a Trust Board meeting and many risks are inter-related and cannot be considered in isolation any way.

By aligning risk management processes with the organisational structure, allowing the C.E. and Board to have the oversight, risk management is embedded in the activity of the organisation.

The Trust is involved in cooperative endeavours with other Probation Areas in the region and this report has referred to a way in which risk was handled in Connect as one example. However there are other examples, for instance the regional training consortium and the Regional Sex Offender Unit (RSOU). Risk is managed in these fora through the Regional Partnership Board and in relation to joint work with prisons through the Regional Project Board. All four probation areas in the region are represented on these bodies. As a Trust we have looked more widely than the other probation areas at potential partners and have established a programme of stakeholder events in which the whole sector can consider matters jointly. These consultative fora are now established on a more formalised basis reflecting the four main Local Authority areas of West Mercia.

Significant Control Issues

Referring back to the Connect Project, its closing balances were at risk from the move into Administration of Carter and Carter, a commercial operation to which the LSC had contracted the delivery of Employer Mentoring, and from whom we held a "tier 2" contract. At the time of writing last year's SIC, the outcome of this was uncertain and although we had received assurances that the outstanding money would be paid directly by the LSC this was only resolved after the end of that financial year. I had reported the matter to the Director of Probation and to Internal Audit, in the first instance, and was prepared to refer it to External Audit had the sum remained significant, in the order of £30,000. In the event we had to write off around £1500.

Review of effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Trust Board and the Audit and Scrutiny Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

I have received a number of reports from Internal Audit, as identified in the Audit Plan agreed at the end of the previous year.

West Mercia Probation

Internal audit plan 2008/09

Risk reg. ref.	Title	Review Objective	Plan Days	Notes
	Risk Management	High level review to provide an independent opinion on the adequacy and effectiveness of business risk management systems in the Probation Area. Key Contact: David Chantler & Graham Mallinson Timing: Quarter 4	2	Quarter 4 – fieldwork date to be set. Draft Report – “Adequately controlled”
	Key risks review	<i>Assure the Area Accountable Officer that the key risks to which the Area is exposed are effectively managed.</i>		--
	Delius Implementation	To provide control advice on the implementation of the Delius system, including project management and governance, arrangement to roll-out the system & controls on data transfer/integrity. Timing: Quarter 2	6	Final Report issued – well controlled.
	Unpaid Work	To review the adequacy and effectiveness of management systems in the UPW function, including the internal implications of the strategy to transfer supervisory responsibilities to third parties. Key contact: Helen Allen & Les King. Timing: Quarters 3/4	5	Fieldwork currently In progress. Draft Report – “Adequately controlled”
	HR Processes	To review the approach to developing “shared” HR processes with neighbouring LPAs. Key contact: Alan Rudd Timing: Quarter 3	5	Fieldwork booked for mid February. Draft Report – “Adequately controlled”
	Trust Governance	To assess the Trust’s response to the change in operating regime, including seeking assurance that the Trust has not suffered a detrimental impact compared Areas. Key contact: David Chantler & Graham Mallinson Timing: Quarter 3/4	5	Fieldwork booked for March.
	Financial Systems	To confirm that key financial controls systems within the Probation Area are adequate and effective. Key contacts: Shirley Bury and Tina Champken Preferred timing: Q3/4	14	Final Report issued – well controlled.

	Assurance Support	Support assurances to the Chief Officer and avoid duplication with other assurance providers, e.g. external audit and to review the draft Statement on Internal Control.	1	Comments provided on SIC.
	Audit Committee, Audit planning, Travel etc	Provide support to the Area Audit Committee, managing and report on the progress of the internal audit plan and provide an annual opinion to the Chief Officer.	12	2007/08 annual report of internal audit presented.
	Follow-up	To confirm previous internal audit recommendations have been implemented. Timing: Quarter 4	2	Final Report issued – well controlled.
	Regularity review	To review compliance with the organisations financial and non-financial procedures at the Worcester Office Preferred timing: October 2009 Key Contact: Graham Mallinson	5	Final Report issued – well controlled.
	Contingency	For ad hoc requests, finalisation of previous year reports or investigations.	3	
	Grand total		60	

The Risk Log is considered at a high level by the Board and at the subsequent Audit & Scrutiny Committee meeting so that more detailed consideration can be made.

In a reverse process, reports from Internal Audit are considered first by the Audit Committee and then reported to the Board with comments and suggestions from Audit Committee, including transmission of reviews from Internal and external audit.

I have also had the benefit of an HMIP report as part of their national OMI Programme. I am pleased to report that the Risk of Harm score had increased from 67%, the national average at the time of the Risk of Harm Inspection during the previous year, to 70%, giving us a “green” for this in IPPF. There were no “alert cases” on which immediate action was required and it was found that there would be no need for a follow up inspection. Many examples of good practice were written up in the report and the headlines were circulated to all staff through Update, the Chief Executive’s e-bulletin.

There were seven recommendations, as follows, and our action plan was accepted without amendment; this is now being implemented, led on the service delivery side by the Head of Offender Management.

RECOMMENDATIONS FOR IMPROVEMENT

Improvements are necessary as follows:

- 1. Risk of Harm assessments and subsequent management plans are completed comprehensively and accurately and meet the standard of quality required nationally*
- 2. There is evidence of improved effective management oversight of high/very high Risk of Harm and child safeguarding cases*
- 3. Sentence plans and reviews are completed to a high standard, focused on outcomes and used to drive supervision*
- 4. Offender Assessment System data are used to improve outcomes and in the commissioning and decommissioning of services*
- 5. The diversity equality scheme action plans are updated and used to inform the business plan*
- 6. Full implementation of the offender management model is applied to custody cases within its scope*
- 7. The views of service users and stakeholders are routinely collated, evaluated and used to improve strategic planning and service delivery.*

In relation to other HMIP reports, in which we do not feature, the Board receives a synopsis prepared by the relevant ACO and members can access a full copy through the secretariat.

In addition to these audit reports there have also been reviews of practice undertaken on a regional basis which allows us to benchmark our work. An example would be that in the previous year there had been a regional review of the cost of offender travel, which was acted upon in this year within West Mercia to support significant reductions in the budget for this item.

I have benefited from external reports commissioned to ensure best value, which includes managing risk in the most cost effective way.

These include a review of Programmes by Ad Esse, designed to reduce our cost to the national average from our current position as fifth most expensive provider, and from Excalibur in relation to Contract and Commissioning, whose recommendation to buy in procurement services has been accepted by the Trust. This is the final act in putting right the weaknesses reported in the previous year’s internal audit of this activity. This also demonstrates how risk management, audit, best value and organisational design run across the Trust’s activities in a coordinated manner that supports continuous improvement.

Following the end of the year the final IPPF was published, and our overall performance had declined to “amber”. This was because the performance indicator “Oasys Timeliness – final reviews” was graded “red”. A red indicator in the public protection domain has the effect of stopping the overall performance level going above “Amber”. However I can confirm that the “what if” capacity included with IPPF demonstrated that without this “rule” driven indicator our performance otherwise remained Green; this has been achieved within a balanced budget, again demonstrating the level of internal

control achieved. The indicator has now been removed from the Public Protection domain and would not have the same effect if repeated in performance year 2009-10, however the effect of this has been to deny us the Green rating that is required to submit a bid to demonstrate "alignment" in the Trust programme, and this must pose a significant risk for the organisation moving into 2009-10.

David Chantler

Chief Executive

West Mercia Probation Trust

Date: -

Independent auditor's report to the Members of the Board of West Mercia Probation Trust

Opinion on the financial statements

I have audited the financial statements of West Mercia Probation Trust for the year ended 31 March 2009 under the Audit Commission Act 1998. The financial statements comprise the Operating Cost Statement, the Balance Sheet, the Cashflow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described as having been audited.

This report is made solely to the Members of the Board of West Mercia Probation Trust in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Accountable Officer and auditors

The Accountable Officer's responsibilities for preparing the financial statements in accordance with the Offender Management Act 2007 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions are set out in the Statement of Accountable Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view in accordance with the accounting policies directed by Secretary of State under the Offender Management Act 2007. I report whether the financial statements and the part of the Remuneration Report to be audited has been properly prepared in accordance with the directions made by the Secretary of State under the Offender Management Act 2007. I report to you whether, in my opinion, the information which comprises the financial review, included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I review whether the Accountable Officer's statement on internal control reflects the Probation Trust's compliance with HM Treasury's Financial Reporting Manual and the National Offender Management Services Finance Manual for 2008/09. I report if it does not meet the requirements specified by HM Treasury or if the statement is

misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the Accountable Officer's statement on internal control covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Probation Trust's corporate governance procedures or its risk and control procedures

I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the unaudited part of the Remuneration Report, the Chairman's Statement and the Operating and Financial Review. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accountable Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Probation trust's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared;
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.
- In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the accounting policies directed by the Secretary of State under the Offender Management Act 2007, of the state of the Probation Trust's affairs as at 31 March 2009 and of its net operating costs, recognised gains and losses and cash flows for the year then ended;
- the part of the Remuneration Report to be audited has been properly prepared in accordance with the accounting policies directed by the Secretary of State under the Offender Management Act 2007;
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them; and
- information which comprises the financial review, included in the Annual Report, is consistent with the financial statements.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Accountable Officer's Responsibilities

The Accountable Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the probation trust's use of resources, to ensure proper stewardship and governance and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Probation Trust for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to the criteria for probation trusts specified by the Audit Commission. I report if significant matters have come to my attention which prevent me from concluding that the Probation Trust has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Probation Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for probation trusts specified by the Audit Commission and published in January 2009, I am satisfied that, in all significant respects, West Mercia Probation Trust made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Grant Paterson
Officer of the Audit Commission

1st and 2nd Floors

No.1 Friarsgate

1011 Stratford Road

Solihull

West Midlands


B90 1BR

June 2009

ACCOUNTS OF LOCAL PROBATION TRUSTS IN ENGLAND AND WALES

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE IN ACCORDANCE WITH PARAGRAPHS 13(1) and 14(2) OF SCHEDULE 1 TO THE OFFENDER MANAGEMENT ACT 2007

1. This direction applies to the Local Probation Trusts listed in the attached Appendix 1.
2. The accounts shall be prepared so as:
 - To give a true and fair view of the state of affairs of the Trust as at the financial year-end and of the net resource outturn, recognised gains and losses and cash flows for the financial year and have been properly prepared in accordance with the Offender Management Act 2007;
 - To provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
3. Each Trust shall prepare a statement of accounts for the financial year ended 31 March 2009 and subsequent financial years, in compliance with the accounting principles and disclosure requirements of the Government Financial reporting Manual ("the FReM") issued by HM treasury and which is in force for the relevant financial year. In addition Trusts are required to comply with the National Probation Service Finance Manual which is in force for the relevant financial year. The statement of accounts shall be published within the report, which the Trust is required to make to the Secretary of State on the performance of its functions for the relevant financial year.
4. Compliance with the requirements of the FReM will in all but exceptional circumstances be necessary for the accounts to give a true and fair view. Any material departure from either the FReM or the NPS Finance manual should be discussed in the first instance with the NOMS Agency finance team.
5. A note setting out the relationship between the National Probation Service Finance Manual and the FReM is attached at Appendix 2.



Edward Kirby

On behalf of the Secretary of State for the Ministry of Justice

3 June 2009

Annex G - Appendix 1

37 Probation Boards:

Avon & Somerset
Bedfordshire
Cambridgeshire
Cheshire
Cumbria
Derbyshire
Devon & Cornwall
Dorset
Durham
Essex
Gloucestershire
Greater Manchester
Gwent
Hampshire
Hertfordshire
Kent
Lancashire
Lincolnshire
London
Norfolk
Northamptonshire
Northumbria
North Wales
North Yorkshire
Nottinghamshire
South Yorkshire
Staffordshire
Suffolk
Surrey
Sussex
Teesside
Thames Valley
Warwickshire
West Midlands
West Yorkshire
Wiltshire

5 Probation Trusts

Leicestershire & Rutland
West Mercia
Humberside
Merseyside
Dyfed-Powys
South Wales

APPLICATION OF THE GOVERNMENT FINANCIAL REPORTING MANUAL (FReM) ISSUED BY HM TREASURY TO THE ACCOUNTS OF LOCAL PROBATION BOARDS

The Ministry of Justice has issued advice on the preparation of local probation board accounts in a National Probation Service Finance Manual. This provides specific guidance on the application of the principles and disclosure requirements of the FReM to the circumstances of local Probation boards, including the following agreed interpretations:

1. There is no requirement to prepare Schedule 1. (Schedule 1 is a requirement specific to government departments and certain other public bodies funded by directly voted parliamentary grant).
2. Monies received as grant in aid should be treated as financing and not as income. (Most bodies covered by FReM do not receive grant in aid, and are financed by voted parliamentary grant. This clarifies the correct treatment for the Probation boards. Some public bodies account for grant in aid as income).
3. There is no requirement to prepare Schedule 5. (This expenditure will however be attributed to Departmental Aims and Objectives in the Ministry of Justices' resource accounts).
4. The salary and pension entitlements of key managers should be appropriately disclosed. (Department Yellow reflects Cabinet Office guidance on the application of the Greenbury code to departmental resource accounts. The example disclosure for departments is not directly applicable to local probation boards. Nevertheless, boards should make disclosures, which meet the spirit of the Greenbury code.)
5. Items will be added to or deleted from the above list only with the agreement of HM Treasury.

Operating Cost Statement for the year ended 31 March 2009

	Notes	2008-2009		2007-2008 (Restated)	
		£000	£000	£000	£000
Administration Costs:					
Staff costs	2(a)	11,548		10,871	
Other administration costs	4(a)	5,262		4,821	
Income	6(a)	(16,274)		(16,130)	
Net Administration Costs		536		(438)	
Programme Costs:					
Staff costs	5(a)	52		1,293	
Programme costs	5(b)	1		653	
Income	6(b)	(53)		(1,196)	
		0		750	
Net Operating Costs			536		312

All income and expenditure is derived from continuing operations.

Statement of Recognised Gains and Losses

for the year ended 31 March 2009

		2008-2009	2007-2008
	Notes	£000	£000
Net gain/(loss) on revaluation of tangible fixed assets	7	(6)	(1)
Receipt of donated assets	13(b)	0	0
Actuarial gain/(loss) relating to the pension scheme	3(f)	1,083	(5,714)
Recognised gains and losses for the financial year		1,077	(5,715)

Balance Sheet as at 31 March 2009

	Notes	31 March 2009		31 March 2008	
		£000	£000	£000	£000
Fixed Assets:					
Tangible fixed assets	7		57		74
Debtors falling due after more than one year					
	8		0		0
Current Assets:					
Debtors	8	543		853	
Cash at bank and in hand	9	1,290		383	
		<u>1,833</u>		<u>1,236</u>	
Creditors (amounts falling due within one year)	10	<u>(1,591)</u>		<u>(1,152)</u>	
Net current assets/(liabilities)			<u>242</u>		<u>84</u>
Total assets less current liabilities			<u>299</u>		<u>158</u>
Creditors (amounts falling due after more than one year)	10	0		0	
Provisions for liabilities and charges	11	<u>(1,551)</u>		<u>(1,369)</u>	
Net assets/(liabilities) excluding pension liability			<u>(1,252)</u>		<u>(1,211)</u>
Pension Liability	3		(16,683)		(17,043)
Net assets/(liabilities) including pension liability			<u>(17,935)</u>		<u>(18,254)</u>
Taxpayers' equity:					
General fund	12		(17,926)		(18,251)
Revaluation reserve	13(a)		(9)		(3)
Donated asset reserve	13(b)		0		0
			<u>(17,935)</u>		<u>(18,254)</u>

(Signed)

(Accountable Officer)

(Date)

(Signed)

(Treasurer)

(Date)

Cash Flow Statement for the year ended 31 March 2009

		2008-2009	2007-2008
	Notes	£000	£000
Net cash outflow from operating activities	14(a)	569	(330)
Capital expenditure and financial investment	14(b)	(11)	(41)
Financing	14(c)	349	235
Increase / (decrease) in cash in the period		907	(136)

If you would like to see notes to the accounts and local notes to the accounts please request a copy by emailing: jackie.bell@west-mercia.probation.gsi.gov.uk

